



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AUDIT EXAMINATION OF THE
CAMPBELL COUNTY FISCAL COURT**

Fiscal Year Ended June 30, 2000

**EDWARD B. HATCHETT, JR.
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EXECUTIVE SUMMARY
AUDIT EXAMINATION OF THE
CAMPBELL COUNTY FISCAL COURT

Fiscal Year Ended June 30, 2000

The Auditor of Public Accounts has completed the Campbell County Fiscal Court audit for fiscal year ended June 30, 2000. We have issued an unqualified opinion on the financial statements taken as a whole. Based upon the audit work performed, the financial statements are presented fairly in all material respects.

Financial Condition:

Fund balances increased by \$821,333 from the prior fiscal year, resulting in a cash surplus of \$8,635,551 as of June 30, 2000. Total cash receipts decreased by \$1,768,964 from the prior year and budgeted expenditures decreased by \$1,319,141.

Investments:

The county's investments as of June 30, 2000 were a Federal National Mortgage Association Note totaling \$618,918 and a U.S. Treasury Bill totaling \$3,048,835. These investments are guaranteed by the Federal Government.

Operating Lease:

The county has an operating lease for voting machines with an outstanding balance of \$65,488 as of June 30, 2000.

Deposits:

The fiscal court's deposits were insured and collateralized by bank securities or bonds.

Report Comments:

- The County Should Maintain Proper Documentation For Receipts And Make Daily Deposits
- The Jailer Should Prepare Daily Cash Checkout Sheets

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Edward B. Hatchett, Jr. Auditor of Public Accounts

To the People of Kentucky
Honorable Paul E. Patton, Governor
Kevin Flanery, Secretary
Finance and Administration Cabinet
Mike Haydon, Secretary, Revenue Cabinet
Honorable Steve Pendery, Campbell County Judge/Executive
Members of the Campbell County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of assets, liabilities, and fund balances arising from cash transactions of Campbell County, Kentucky, as of June 30, 2000, and the related statement of cash receipts, cash disbursements, and changes in cash balances for the year then ended. These financial statements are the responsibility of the Campbell County Fiscal Court. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Housing Assistance Payments Program, the Housing Voucher Program, the Parks Corporations and Public Properties Corporation, A.J. Jolly Park, and Lakeside Terrace Apartments HUD Project No. 083-44012-236. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included for the Housing Assistance Payments Program, the Housing Voucher Program, the Parks Corporations and Public Properties Corporation, A.J. Jolly Park, and Lakeside Terrace Apartments HUD Project No. 083-44012-236 is based solely upon the reports of the other auditors and their reports are included as Appendices B through E.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Campbell County, Kentucky, prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and laws of Kentucky. Under this basis of accounting, assets, liabilities, and related revenues and expenditures are recorded when they result from cash transactions, with a few exceptions. This modified cash basis recognizes revenues when received, except for the recording of long-term receivables and deferred revenue. Expenditures are recognized when paid, except for the recording of long-term obligations and amounts to be provided in future years. The modified cash basis accounting system does not require an entity to maintain a general fixed asset group or a general long-term debt group of accounts. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

To the People of Kentucky

Honorable Paul E. Patton, Governor

Kevin Flanery, Secretary

Finance and Administration Cabinet

Mike Haydon, Secretary, Revenue Cabinet

Honorable Steve Pendery, Campbell County Judge/Executive

Members of the Campbell County Fiscal Court

In our opinion, based upon our audit and the reports of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balances arising from cash transactions of Campbell County, Kentucky, and the related statement of cash receipts, cash disbursements, and changes in cash balances as of June 30, 2000, in conformity with the modified cash basis of accounting described above.

Based on the results of our audit, we present the schedule of findings and questioned costs, included herein, which discusses the following areas of noncompliance:

- The County Should Maintain Proper Documentation For Receipts And Make Daily Deposits
- The Jailer Should Prepare Daily Cash Checkout Sheets

In accordance with Government Auditing Standards, we have also issued our report dated March 15, 2001 on our consideration of Campbell County, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Respectfully submitted,



Edward B. Hatchett, Jr.

Auditor of Public Accounts

Audit fieldwork completed -
March 15, 2001

CAMPBELL COUNTY OFFICIALS

Fiscal Year Ended June 30, 2000

Fiscal Court Members:

Steve Pendery	County Judge/Executive
David E. Otto	Commissioner
William J. Verst	Commissioner
Roland T. Vories	Commissioner

Other Elected Officials:

Justin Verst	County Attorney
Greg Buckler	Jailer
Jack D. Snodgrass	County Clerk
Thomas J. Calme	Circuit Court Clerk
John Dunn	Sheriff
Mariann G. Dunn	Property Valuation Administrator
Mark G. Schweitzer	Coroner

Appointed Personnel:

Erma Staton	County Treasurer
Richard Lucas	Occupational Tax Collector
Dennis Geiger	Finance Officer

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STATEMENT OF ASSETS, LIABILITIES,
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

CAMPBELL COUNTY
STATEMENT OF ASSETS, LIABILITIES,
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

June 30, 2000

Assets and Other Resources

Assets

General Fund Type

General Fund:

Cash	\$ 1,598,158
Stock Certificates	1,200
Investments (Note 3B)	618,918

Road and Bridge Fund:

Cash	158,899
------	---------

Jail Fund:

Cash	81,676
------	--------

Local Government Economic Assistance Fund:

Cash	8,547
------	-------

Occupational Employment Tax Funds:

Transit Authority of Northern Kentucky (TANK) Account-

Cash	2,502,058
Investments (Note 3B)	3,048,835

Mental Health Account-

Cash	378,634
------	---------

Senior Citizens Account-

Cash	126,658
------	---------

Campbell County Health Services, Inc.-

Human Resources Fund - Cash	21
-----------------------------	----

Health Insurance Fund - Cash

54,395

Senior Citizens Picnic Fund - Cash

2,964

Payroll Revolving Account - Cash

215	\$ 8,581,178
-----	--------------

Capital Projects Fund Type

Waterline Grant Fund:

Cash	55,788
------	--------

Total Assets and Other Resources

\$ 8,636,966

The accompanying notes are an integral part of the financial statements.

CAMPBELL COUNTY
 STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES
 ARISING FROM CASH TRANSACTIONS
 June 30, 2000
 (Continued)

Liabilities and Fund Balances

Liabilities

Payroll Revolving Account - Cash	\$	215
----------------------------------	----	-----

Fund Balances

Reserved:

General Fund Type

Occupational Employment Tax Fund-			
TANK Account	\$	5,550,893	
Mental Health Account		378,634	
Senior Citizens Account		126,658	6,056,185
			<hr/>

Capital Projects Fund Type

Waterline Grant Fund		55,788
----------------------	--	--------

Unreserved:

General Fund Type

General Fund	\$	2,218,276	
Road and Bridge Fund		158,899	
Jail Fund		81,676	
Local Government Economic Assistance Fund		8,547	
Campbell County Health Services, Inc.-			
Human Resources Fund-Cash		21	
Health Insurance Fund-Cash		54,395	
Senior Citizens Picnic Fund - Cash		2,964	2,524,778
			<hr/>

Total Liabilities and Fund Balances	\$	8,636,966
		<hr/>

The accompanying notes are an integral part of the financial statements.

STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

CAMPBELL COUNTY
STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

Fiscal Year Ended June 30, 2000

	General Fund Type			
	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Cash Receipts</u>				
Schedule of Operating Revenue	\$ 15,013,660	\$ 7,432,660	\$ 992,359	\$ 914,406
Transfers In	2,378,229	621,806	738,000	908,000
Tax Anticipation Note	3,285,000	3,285,000		
Northern Kentucky Health District	125,198			
Health Insurance Contributions	700,796			
Other Revenue	23,130			
Total Cash Receipts	<u>\$ 21,526,013</u>	<u>\$ 11,339,466</u>	<u>\$ 1,730,359</u>	<u>\$ 1,822,406</u>
<u>Cash Disbursements</u>				
Comparative Schedule of Final Budget and Budgeted Expenditures	\$ 13,873,200	\$ 6,979,428	\$ 1,603,339	\$ 1,725,647
Transfers Out	2,378,229	1,018,423		
Land Lease Purchase- Principal	55,202	55,202		
Transfers to Public Properties- Multiple Projects Revenue Bond- Principal	269,110	126,077	25,950	110,000
Tax Anticipation Note	3,285,000	3,285,000		
Medical Expenses of Indigents	125,198			
Health Insurance Contributions	699,499			
Other Disbursements	19,242			
Total Cash Disbursements	<u>\$ 20,704,680</u>	<u>\$ 11,464,130</u>	<u>\$ 1,629,289</u>	<u>\$ 1,835,647</u>
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	\$ 821,333	\$ (124,664)	\$ 101,070	\$ (13,241)
Cash Balance - July 1, 1999	<u>7,814,218</u>	<u>2,341,740</u>	<u>57,829</u>	<u>94,917</u>
Cash Balance - June 30, 2000	<u>\$ 8,635,551</u>	<u>\$ 2,217,076</u>	<u>\$ 158,899</u>	<u>\$ 81,676</u>

* Cash Balance Includes Investments Except For General Fund Stock Certificates of \$1,200.

The accompanying notes are an integral part of the financial statements.

CAMPBELL COUNTY
 STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN CASH BALANCES
 Fiscal Year Ended June 30, 2000
 (Continued)

General Fund Type					
Local Government Economic Assistance Fund	Occupational Employment Tax Funds			Campbell County Health Service, Inc., Human Resources Fund	Health Insurance Fund
	TANK Account	Mental Health Account	Senior Citizens Account		
\$ 17,033	\$ 4,864,851 110,420	\$ 523,939	\$ 257,512	\$	\$
				125,198	700,796 4,376
<u>\$ 17,033</u>	<u>\$ 4,975,271</u>	<u>\$ 523,939</u>	<u>\$ 257,512</u>	<u>\$ 125,198</u>	<u>\$ 705,172</u>
\$ 20,511	\$ 2,879,852 1,175,420	\$ 411,323 103,155	\$ 146,845 81,231	\$	\$
			7,083	125,198	699,499 2,037
<u>\$ 20,511</u>	<u>\$ 4,055,272</u>	<u>\$ 514,478</u>	<u>\$ 235,159</u>	<u>\$ 125,198</u>	<u>\$ 701,536</u>
\$ (3,478) 12,025	\$ 919,999 4,630,894	\$ 9,461 369,173	\$ 22,353 104,305	\$ 21	\$ 3,636 50,759
<u>\$ 8,547</u>	<u>\$ 5,550,893</u>	<u>\$ 378,634</u>	<u>\$ 126,658</u>	<u>\$ 21</u>	<u>\$ 54,395</u>

The accompanying notes are an integral part of the financial statements.

CAMPBELL COUNTY
 STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN CASH BALANCES
 Fiscal Year Ended June 30, 2000
 (Continued)

	General Fund Type	Special Revenue Fund Type	Capital Projects Fund Type
	Senior Citizens Picnic Fund	Emergency Shelter Grant Fund	Waterline Grant Fund
<u>Cash Receipts</u>			
Schedule of Operating Revenue	\$	\$ 10,000	\$ 900
Transfers In		3	
Tax Anticipation Note			
Northern Kentucky Health District			
Health Insurance Contributions			
Other Revenue	18,754		
Total Cash Receipts	\$ 18,754	\$ 10,003	\$ 900
<u>Cash Disbursements</u>			
Comparative Schedule of Final Budget			
and Budgeted Expenditures	\$	\$ 10,003	\$ 96,252
Transfers Out			
Land Lease Purchase-			
Principal			
Transfers to Public Properties-			
Multiple Projects Revenue Bond-			
Principal			
Tax Anticipation Note			
Medical Expenses of Indigents			
Health Insurance Contributions			
Other Disbursements	17,205		
Total Cash Disbursements	\$ 17,205	\$ 10,003	\$ 96,252
Excess (Deficiency) of Cash Receipts			
Over (Under) Cash Disbursements	\$ 1,549	\$	\$ (95,352)
Cash Balance - July 1, 1999	1,415		151,140
Cash Balance - June 30, 2000	\$ 2,964	\$ 0	\$ 55,788

* Cash Balance Includes Investments.

CAMPBELL COUNTY
NOTES TO FINANCIAL STATEMENTS

June 30, 2000

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statements of Campbell County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Based upon the criteria stated in GASB 14, management has included the Housing Assistance Payments Program, the Housing Voucher Program, the Public Parks Corporation, the Public Properties Corporation, A.J. Jolly Park, and Lakeside Terrace Apartments HUD Project No. 083-44012-236, which were audited by other auditors and are included as Appendices B through E, as part of the reporting entity.

Additional - Campbell County Constitutional Elected Officials

- Circuit Court Clerk
- County Attorney
- County Clerk
- County Sheriff
- Property Valuation Administrator

The Kentucky constitution provides for election of the above officials from the geographic area constituting Campbell County. Pursuant to state statute, these officials perform various services for the Commonwealth of Kentucky, its judicial courts, the fiscal court, various cities and special districts within the county, and the board of education. In exercising these responsibilities, however, they are required to comply with state laws. Audits of their financial statements are issued separately and individually and can be obtained from their respective administrative offices.

B. Fund Accounting

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The government uses funds to report on its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Campbell County Fiscal Court's Fund Types, a definition of each, and county funds included within each fund type are listed below.

1) General Fund Type

General Fund Type accounts for all financial resources except those required to be accounted for in another fund type. The Campbell County General Fund Type includes the following county funds: General Fund, Road and Bridge Fund, Jail Fund, Local Government Economic Assistance Fund (LGEA) Fund, Occupational Tax Fund, Human Resources Fund, Health Insurance Fund, and the Senior Citizens Picnic Fund.

CAMPBELL COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2000
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

B. Fund Accounting (Continued)

2) Special Revenue Fund Type

Special Revenue Fund Type accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for the specified purpose. The Emergency Shelter Grant Fund of the Fiscal Court is reported as a Special Revenue Fund Type.

3) Capital Projects Fund Type

Capital Projects Fund Type accounts for financial resources to be used for acquisition of major capital facilities. The Waterline Grant Fund of the Fiscal Court is reported as a Capital Projects Fund Type.

C. Basis of Accounting

For all fund types, the county utilizes a modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Under this basis of accounting, assets, liabilities, and related revenues and expenditures are recorded when they result from cash transactions, with a few exceptions. This modified cash basis recognizes revenues when received, except for the recording of long-term receivables and deferred revenue. Expenditures are recognized when paid, except for the recording of long-term obligations and amounts to be provided in future years.

D. Legal Compliance - Budget

The Campbell County budget is adopted on a cash basis of accounting and according to the laws of Kentucky as required by the State Local Finance Officer. The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

CAMPBELL COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2000
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

Note 1. D. Legal Compliance - Budget (Continued)

Formal budgets are not adopted for the Public Parks Corporation and the Public Properties Corporation Fund because bond indentures and other relevant contractual provisions require specific payments to and from these funds annually and transfers are budgeted in the General Fund Type to comply with these requirements. The Department for Local Government does not require these funds to be budgeted.

E. Cash and Investments

Cash includes amounts in bank accounts, and investments are stated at cost. Investments may include certificates of deposit on the financial statements; however, for the purpose of disclosing credit risk (Note 3), investments exclude certificates of deposit.

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The county has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system, which covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 7.28 percent. Hazardous covered employees are required to contribute 7 percent of their salary to the plan. The county's contribution rate for hazardous employees was 17.55 percent.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report.

CAMPBELL COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2000
(Continued)

Note 3. Deposits and Investments

A. Deposits

The county maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the county and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of June 30, 2000, the county's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the county's agent in the county's name, or provided surety bond which named the county as beneficiary/obligee on the bond.

B. Investments

The county's investments are categorized below to give an indication of the level of risk assumed by the county at year-end. Category 1 includes investments that are insured or registered or the securities are held by the county or by the county's agent in the county's name. Category 2 includes uninsured and unregistered investments where the securities are held by the financial institution in the county's name. Category 3 includes uninsured and unregistered investments where the securities were held by the financial institution, but not in the county's name.

<u>Types of Investments</u>	<u>Category 1</u>	<u>Carrying Amount</u>	<u>Market Value</u>
Federal National Mortgage Association Note	\$ 618,918	\$ 618,918	\$ 618,918
U.S. Treasury Bills	<u>3,048,835</u>	<u>3,048,835</u>	<u>3,048,835</u>
Totals	<u>\$ 3,667,753</u>	<u>\$ 3,667,753</u>	<u>\$ 3,667,753</u>

CAMPBELL COUNTY
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2000
 (Continued)

Note 4. Lease-Purchase Agreements

The county has entered into the following lease-purchase agreement:

Liabilities of the General Fund are:

Description	Purchase Date	Maturity Date	Interest Rate	Balance June 30, 2000
Voting Machines	4/26/1996	4/26/2001	4.50%	<u>\$ 65,488</u>

Note 5. Jail Commissary Fund

Jail Commissary operations are authorized under KRS 441.135 (1)(2), which allows the Jailer to sell snacks, sodas, cigarettes, etc. to inmates incarcerated in the local jail. The profits generated from the sale of these items are to be used for the benefit or recreation of the inmates. Also applicable to Commissary operations are KRS 68.210, and Technical Audit Bulletins 93-002 and 97-001. KRS 68.210 requires the Jailer to maintain minimum accounting records and report annually to the County Treasurer the receipts and disbursements of the Jail Commissary. Technical Audit Bulletins 93-002 and 97-001 provide further accounting and expenditure guidance for acceptable Jail Commissary operation.

The Jail Commissary is included in Campbell County's approved budget and the County Treasurer prepares the Jail Commissary financial statements. During the Fiscal Year Ending June 30, 2000, the Campbell County Jail Commissary received \$353,022 and expended \$332,436. The Jail Commissary reported June 30 ending balances of \$139,427 and of \$160,013 for 1999 and 2000 respectively.

The Campbell County Jail Commissary operations do not fully comply with KRS 68.210. Specific deficiencies of the Commissary operation are noted within the Comments and Recommendations section of this audit.

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COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

CAMPBELL COUNTY
COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

Fiscal Year Ended June 30, 2000

<u>Budgeted Funds</u>	<u>Budgeted Operating Revenue</u>	<u>Actual Operating Revenue</u>	<u>Over (Under) Budget</u>
<u>General Fund Type</u>			
General Fund	\$ 9,700,585	\$ 7,432,660	\$ (2,267,925)
Road and Bridge Fund	1,990,839	992,359	(998,480)
Jail Fund	2,042,392	914,406	(1,127,986)
Local Government Economic Assistance Fund	22,100	17,033	(5,067)
Occupational Employment Tax Funds-			
TANK Account	2,940,000	4,864,851	1,924,851
Mental Health Account	357,704	523,939	166,235
Senior Citizens Account	113,469	257,512	144,043
<u>Special Revenue Fund Type</u>			
Emergency Shelter Fund	10,003	10,000	(3)
<u>Capital Projects Fund Type</u>			
Waterline Grant Fund	<u>975,500</u>	<u>900</u>	<u>(974,600)</u>
Totals	<u>\$ 18,152,592</u>	<u>\$ 15,013,660</u>	<u>\$ (3,138,932)</u>
<u>Reconciliation</u>			
Total Budgeted Operating Revenue Above			\$ 18,152,592
Add: Budgeted Prior Year Surplus			3,470,502
Less: Other Financing Uses			<u>(3,609,372)</u>
Total Operating Budget Per Comparative Schedule Of Final Budget and Budgeted Expenditures			<u>\$ 18,013,722</u>

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SCHEDULE OF OPERATING REVENUE

CAMPBELL COUNTY
SCHEDULE OF OPERATING REVENUE

Fiscal Year Ended June 30, 2000

Revenue Categories	GOVERNMENTAL FUND TYPE			
	Totals (Memorandum Only)	General Fund Type	Special Revenue Fund Type	Capital Projects Fund Type
Taxes	\$ 9,757,961	\$ 9,757,961	\$	\$
Excess Fees	633,253	633,253		
License and Permits	129,576	129,576		
Intergovernmental Revenues	2,713,545	2,703,545	10,000	
Charges for Services	218,644	218,644		
Miscellaneous Revenues	975,223	975,223		
Interest Earned	585,458	584,558		900
Total Operating Revenue	<u>\$ 15,013,660</u>	<u>\$ 15,002,760</u>	<u>\$ 10,000</u>	<u>\$ 900</u>

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COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

CAMPBELL COUNTY
COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

Fiscal Year Ended June 30, 2000

Expenditure Categories	GENERAL FUND TYPE		
	Final Budget	Budgeted Expenditures	Under (Over) Budget
General Government	\$ 6,723,536	\$ 5,558,040	\$ 1,165,496
Protection to Persons and Property	3,821,037	3,629,393	191,644
General Health and Sanitation	275,072	245,986	29,086
Social Services	159,476	131,504	27,972
Recreation and Culture	257,603	222,202	35,401
Roads	1,246,330	1,064,804	181,526
Bus Service	337,500	337,420	80
Debt Service	359,025	355,674	3,351
Capital Projects	514,060	350,493	163,567
Administration	3,209,580	1,871,429	1,338,151
Total Operating Budget- General Fund Type	\$ 16,903,219	\$ 13,766,945	\$ 3,136,274
Other Financing Uses:			
(a) Land Lease Purchase-			
Principal	55,260	55,202	58
(b) Transfers to Public Properties-			
Multiple Projects Revenue Bond-			
Principal	269,112	269,110	2
(c) Borrowed Money-			
Tax Anticipation Note			
Principal	3,285,000	3,285,000	
TOTAL BUDGET - ALL GENERAL FUND TYPE	<u>\$ 20,512,591</u>	<u>\$ 17,376,257</u>	<u>\$ 3,136,334</u>

CAMPBELL COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 2000
 (Continued)

SPECIAL REVENUE FUND TYPE			
Expenditure Categories	Final Budget	Budgeted Expenditures	Under (Over) Budget
Social Services	\$ 10,003	\$ 10,003	\$
TOTAL BUDGET - SPECIAL REVENUE FUND TYPE	<u>\$ 10,003</u>	<u>\$ 10,003</u>	<u>\$ 0</u>

CAPITAL PROJECTS FUND TYPE			
Expenditure Categories	Final Budget	Budgeted Expenditures	Under (Over) Budget
Capital Projects	\$ 1,100,500	\$ 96,252	\$ 1,004,248
TOTAL BUDGET - CAPITAL PROJECTS FUND TYPE	<u>\$ 1,100,500</u>	<u>\$ 96,252</u>	<u>\$ 1,004,248</u>

TOTAL OPERATING BUDGET - ALL FUND TYPES	<u>\$ 18,013,722</u>	<u>\$ 13,873,200</u>	<u>\$ 4,140,522</u>
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TOTAL BUDGET- ALL FUND TYPES	<u>\$ 21,623,094</u>	<u>\$ 17,482,512</u>	<u>\$ 4,140,582</u>
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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



Edward B. Hatchett, Jr. Auditor of Public Accounts

To the People of Kentucky

Honorable Paul E. Patton, Governor

Kevin Flanery, Secretary

Finance and Administration Cabinet

Mike Haydon, Secretary, Revenue Cabinet

Honorable Steve Pendery, Campbell County Judge/Executive

Members of the Campbell County Fiscal Court

Report On Compliance And On Internal Control Over Financial Reporting Based On An Audit Of Financial Statements Performed In Accordance With Government Auditing Standards

We have audited the financial statements of Campbell County, Kentucky, as of and for the year ended June 30, 2000, and have issued our report thereon dated March 15, 2001. We did not audit the financial statements of the Housing Assistance Payments Program, the Housing Voucher Program, the Parks Corporations and Public Properties Corporation, A.J. Jolly Park, and Lakeside Terrace Apartments HUD Project No. 083-44012-236. Those financial statements were audited by other auditors and the reports furnished to us. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Campbell County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Campbell County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Campbell County's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs.

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of Financial
Statements Performed In Accordance With Government Auditing Standards
(Continued)

Reference Number 2000-1

- The County Should Maintain Proper Documentation For Receipts And Make Daily Deposits

Reference Number 2000-2

- The Jailer Should Prepare Daily Cash Checkout Sheets

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider the following to be a material weakness.

Reference Number 2000-1

- The County Should Maintain Proper Documentation For Receipts And Make Daily Deposits

This report is intended solely for the information and use of management, federal awarding agencies, and pass-through entities, and is not intended to be, and should not be, used by anyone other than the specified parties. However, this report, upon release by the Auditor of Public Accounts, is a matter of public record and its distribution is not limited.

Respectfully submitted,



Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
March 15, 2001

REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133



Edward B. Hatchett, Jr.
Auditor of Public Accounts

To the People of Kentucky

Honorable Paul E. Patton, Governor

Kevin Flanery, Secretary

Finance and Administration Cabinet

Mike Haydon, Secretary, Revenue Cabinet

Honorable Steve Pendery, Campbell County Judge/Executive

Members of the Campbell County Fiscal Court

Report On Compliance With Requirements
Applicable To Each Major Program And Internal Control
Over Compliance In Accordance With OMB Circular A-133

Compliance

We have audited the compliance of Campbell County, Kentucky, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2000. We did not audit the compliance of the Campbell County Section 8 Existing Housing and the Section 236 Direct Loan. Compliance requirements described in the OMB Circular A-133 Compliance Supplement applicable to the Campbell County Section 8 Existing Housing and the Section 236 Direct Loan were audited by other auditors whose reports are included as Appendices B and E. Our opinion presented herein, insofar as it relates to the Campbell County Section 8 Existing Housing and the Section 236 Direct Loan is based solely on the report of the other auditors. Campbell County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Campbell County's management. Our responsibility is to express an opinion on Campbell County's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Campbell County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Campbell County's compliance with those requirements.

In our opinion, Campbell County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2000.

Report On Compliance With Requirements Applicable To Each Major Program
And Internal Control Over Compliance In Accordance With OMB Circular A-133
(Continued)

Internal Control Over Compliance

The management of Campbell County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Campbell County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgement, could adversely affect Campbell County's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts, and grants. The following was noted in the audit report of Campbell County Lakeside Terrace Apartments HUD PROJECT NO. 083-44012-236 as a reportable condition. This program was audited by other auditors and is included as Appendix E.

Tenants Files

Examination of a selected number of ten files disclosed minor clerical errors, however these were not of sufficient magnitude to materially affect computation of tenant rent.

Of ten files inspected, one lease was not signed by the tenant and several leases were signed but not dated.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and accordingly would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness.

Report On Compliance With Requirements Applicable To Each Major Program
And Internal Control Over Compliance In Accordance With OMB Circular A-133
(Continued)

This report is intended solely for the information and use of management, federal awarding agencies, and pass-through entities, and is not intended to be, and should not be, used by anyone other than the specified parties. However, this report, upon release by the Auditor of Public Accounts, is a matter of public record and its distribution is not limited.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
March 15, 2001

FINDINGS AND QUESTIONED COSTS

CAMPBELL COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Fiscal Year Ended June 30, 2000

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Campbell County.
2. Two reportable conditions disclosed during the audit of the financial statements are reported in the Independent Auditor's Report. One of the conditions is reported as a material weakness.
3. No instances of noncompliance material to the financial statements of Campbell County were disclosed during the audit.
4. No reportable conditions disclosed during the audit of the major federal awards programs were reported in the Independent Auditor's Report. One reportable condition was disclosed in the report on compliance with requirements applicable to each major program and internal control over compliance in accordance with OMB Circular A-133. The condition is not reported as a material weakness. This major program was audited by other auditors and is shown as Appendix E of this report.
5. The auditor's report on compliance for the audit of the major federal awards programs for Campbell County expresses an unqualified opinion.
6. There are no audit findings relative to the major federal awards programs for Campbell County reported in Part C of this schedule.
7. The programs tested as major programs were: Section 8 Existing Housing, CFDA #14.156, Housing Voucher Program, CFDA #14.177, and HUD Section 236 Direct Loan, CFDA #14.138.
8. The threshold for distinguishing Type A and B programs was \$300,000.
9. Campbell County was not determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

REPORTABLE CONDITIONS

Reference Number 2000-1

The County Should Maintain Proper Documentation For Receipts And Make Daily Deposits

The County did not maintain receipts for all building permits or make deposits on a daily basis. KRS 68.210 establishes minimum accounting and reporting requirements for receipts, which include issuing prenumbered three part receipts as required by KRS 64.840. KRS 68.210 also requires that these receipts be batched, reconciled to a checkout sheet, and deposited on a daily basis. We recommend that the County comply with these requirements.

County Judge/Executive's Response:

The recommendation was implemented.

Auditor's Confirmation:

Auditor verified that the county is now in compliance.

CAMPBELL COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Fiscal Year Ended June 30, 2000
(Continued)

B. FINDINGS - FINANCIAL STATEMENTS AUDIT (Continued)

REPORTABLE CONDITIONS (Continued)

Reference Number 2000-2

The Jailer Should Prepare Daily Cash Checkout Sheets

The Jailer did not maintain daily cash checkout sheets for the commissary fund. KRS 68.210 establishes minimum accounting and reporting requirements for receipts, which include preparation of daily cash checkout sheets. Receipts should be batched and reconciled to a checkout sheet on a daily basis. These requirements are to be utilized by county jailers for jail commissary funds maintained pursuant to KRS 441.135. We recommend that the Jailer comply with these requirements.

Jailer's Response:

The current software we are utilizing in the commissary computer is in fact, capable of producing daily statements, checkbook transactions and deposit statements.

Judge/Executive's Response:

See Jailer response.

Auditor's Confirmation:

Auditor verified that the Jailer is now in compliance.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARDS PROGRAM
AUDIT

None.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

CAMPBELL COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Fiscal Year Ended June 30, 2000

Federal Grantor Program Title <u>Grant Name (CFDA #)</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>
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Cash Programs:

U.S. Department of Housing and
Urban Development

Direct Program:

Section 8 Existing Housing Program (CFDA #14.156) (Note 2)	KY 136CE	\$ 1,745,565
Housing Voucher Program (CFDA #14.177) (Note 2)	KY 136VO	650,962
Section 236 Direct Loan (CFDA #14.138) (Note 2)	N/A	790,903
Section 201 Flexible Subsidy Loan (CFDA #14.164) (Note 2)	N/A	151,464
Section 8 Housing Assistance Payments (CFDA #14.859) (Note 2)	N/A	56,009

Passed-Through State Department
of Local Government:

Emergency Shelter Grants Program (CFDA #14.231)	S99DC21-0001	<u>10,000</u>
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Total U.S. Department of Housing and Urban Development		<u>\$ 3,404,903</u>
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U.S. Department of Justice

Direct Program:

Bulletproof Vest Program (CFDA #16.607)		\$ 4,320
Office of Community Oriented Policing Services-Universal Hiring Program (CFDA #16.710)	KY0190200	73,160

CAMPBELL COUNTY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Fiscal Year Ended June 30, 2000
 (Continued)

Federal Grantor Program Title <u>Grant Name (CFDA #)</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>
<u>U.S. Department of Justice (Continued)</u>		
Passed Through State Justice Cabinet Local Law Enforcement Grant Program (CFDA #16.592)	LLEB-54-2/97	\$ 6,976
Passed Through State Justice Cabinet Local Law Enforcement Grant Program (CFDA #16.592)	LLEB-108-3/98	<u>5,000</u>
Total U.S. Department of Justice		<u>\$ 89,456</u>
<u>U.S. Department of Transportation</u>		
Passed-Through State Justice Cabinet: Highway Safety Standards Branch Program (Traffic Enforcement to Reduce Accidents) (CFDA #20.600)	PT-99-05	\$ 16,047
Passed-Through State Justice Cabinet: Highway Safety Standards Branch Program (Traffic Enforcement to Reduce Accidents) (CFDA #20.600)	PT-00-08	<u>10,909</u>
Total U.S. Department of Transportation		<u>\$ 26,956</u>

CAMPBELL COUNTY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Fiscal Year Ended June 30, 2000
 (Continued)

Federal Grantor Program Title <u>Grant Name (CFDA #)</u>	Pass-Through <u>Grantor's Number</u>	<u>Expenditures</u>
<u>U. S. Federal Emergency Management Agency</u>		
Passed-Through State Department of Military Affairs: Disaster and Emergency Assistance Grants- Coordinator Salary (CFDA #83.503)		\$ 12,595
Total Cash Expenditures of Federal Awards		\$ 3,533,910

CAMPBELL COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Fiscal Year Ended June 30, 2000

Note 1 - Basis of Presentation

This schedule is presented on a modified cash basis.

Note 2 - The Campbell County Section 8 Existing Housing, Housing Voucher Program, Section 236 Direct Loan, Section 201 Flexible Subsidy Loan, and Section 8 Housing Assistance Payments were audited by other auditors. Compliance testing was performed by those auditors whose reports can be located in Appendices B through E.

CERTIFICATION OF COMPLIANCE -
LOCAL GOVERNMENT ECONOMIC ASSISTANCE AND DEVELOPMENT PROGRAMS

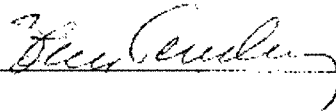
CAMPBELL COUNTY FISCAL COURT

Fiscal Year Ended June 30, 2000

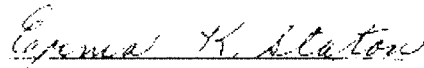
CERTIFICATON OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM
CAMPBELL COUNTY FISCAL COURT

Fiscal Year Ended June 30, 2000

The Campbell County Fiscal Court hereby certifies that assistance received from the Local Government Economic Assistance Fund was expended for the purpose intended, as dictated by the applicable Kentucky Revised Statutes.



Name
Judge Executive

X 

Name
County Treasurer

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CPA REPORT OF THE CAMPBELL COUNTY HOUSING ASSISTANCE PROGRAM

CPA REPORT OF THE CAMPBELL COUNTY PARKS CORPORATION AND
PUBLIC PROPERTIES CORPORATION

CPA REPORT OF THE A.J. JOLLY PARK

CPA REPORT OF THE CAMPBELL COUNTY LAKESIDE TERRACE APARTMENTS
HUD PROJECT NO. 083-44012-236

